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February 9, 2006

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: *Correction of attachment to ex parte filing - Syniverse Technologies,
Thousands Block Pooling Technical Requirements Document (CC Docket
No. 99-200)*

Dear Ms. Dortch:

This morning a written ex parte presentation was filed on behalf of Syniverse Technologies in the above-referenced proceeding. That filing consisted of a letter from Robert Garcia, Syniverse's General Counsel, and a Commission Inspector General's Audit Report. The filing inadvertently included the wrong Audit Report. The correct report is attached to this filing.

Please direct any questions to the undersigned.

Respectfully submitted,

WILKINSON BARKER KNAUER, LLP

By: /s/
L. Charles Keller

Attachment

February 9, 2006

Via ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: *Written ex parte presentation – CC Docket No. 99-200*
Thousands-block number pooling technical requirements document

Dear Ms. Dortch:

Syniverse Technologies (“Syniverse”) is writing to provide additional information for the Commission relevant to the formulation of the request for proposals (“RFP”) for the thousands-block Pooling Administrator (“PA”) procurement, in response to certain issues raised in the reply comments. Syniverse hopes this information will assist the Commission in formulating the RFP, based on the Technical Requirements Document (“TRD”).¹ Specifically, Syniverse wishes to respond to issues regarding: (1) the transition of the existing pooling administration system to a successor PA contractor and the need for a new system; (2) the NAS/PAS interface; and (3) neutrality issues relating to the sharing of personnel between the PA and other lines of business under the same corporate umbrella.

Transition of PA System and Need for New System

In its Reply Comments, NeuStar, in its capacity as the incumbent PA contractor, essentially argues that the existing PA system is obsolete and should be replaced.² In this regard, Syniverse wishes to draw the Commission’s attention to the attached audit report from Commission’s Office of the Inspector General (“OIG”). The purpose of the audit was “to determine and report upon NeuStar’s compliance with contractual requirements intended to ensure the seamless transfer of the Thousands-Block Pooling system to a successor in the event of the contract’s termination or expiration of the term.”³ The audit also valued the PA system assets currently in NeuStar’s possession at \$281 thousand, and the “cumulative value of FCC-owned property housed at [NeuStar’s] facilities” at \$1.05 million.⁴

The audit report reveals two important facts. First, it confirms that under the current PA contract it has always been the Commission’s intention that the existing PA system will be

¹ *FCC Seeks Comment on the Thousands-Block Pooling Administrator Technical Requirements*, CC Docket No. 99-200, Public Notice, DA 05-3102 (rel. Nov. 29, 2005, erratum Dec. 2, 2005) (the “Public Notice”). The Public Notice attached the NANC’s proposed technical requirements document (the “TRD”).

² NeuStar PA reply comments at 3.

³ *FY 2004 Thousands-Block Pooling System Viability Audit*, Audit Report No. 04-AUD-08-15 (FCC OIG Mar. 23, 2005) (attached) at 3.

⁴ *Id.* at 9.

available for transition to a successor vendor, consistent with the terms of that *existing* PA contract.⁵ Second, it shows that the industry has a substantial investment in the existing PA system which should not lightly be discarded.

Without the opportunity to access and evaluate the source code and other documentation related to performance of the existing system, Syniverse cannot comment on NeuStar's characterization of the system as obsolete. Syniverse also believes that today's technology presents numerous opportunities to improve the existing system.⁶ In any event, however, Syniverse urges the Commission to treat with skepticism NeuStar's enthusiasm for a requirement in the RFP that any potential vendor must design and build an entirely new system. Such a requirement would permit NeuStar to argue that other offerors do not need access to the existing system. Retaining information regarding the existing system, in turn, would improperly increase NeuStar's incumbency advantage, making it more difficult for prospective offerors to put forth competitive proposals to the Commission. Such a requirement would also effectively allow NeuStar to retain for itself PA intellectual and other property that is the property of the Commission. It is critical that the Commission avoid requirements that are inconsistent with its obligation not to take action to increase the incumbent's advantage in responding to the RFP.⁷

NAS/PAS Interface

The Commission also must protect the PA procurement against any effort by NeuStar to leverage its position as the North American Numbering Plan Administrator ("NANPA") to undermine competition for the new PA contract. NeuStar argues that the TRD "clearly envisions an interaction between the NANPA and the PAS vendor *after* the contract is awarded, not during the bidding process."⁸ As Syniverse and other commenters have noted, however, this is a result of legacy verbiage in the TRD from the original PA procurement, which was written for a new PA that would be "starting from scratch" to build a new system and new interfaces.⁹ While it was reasonable to give the *first* PA six months to develop a mechanized interface with the NANC, there is no reason to require that such new interfaces be developed after a new PA vendor is selected when they already exist.

NeuStar's argument about the burdens on the NANPA to work with all prospective PA bidders is a red herring.¹⁰ The point is that the specifications for the *existing* NAS/PAS interface must be made available to prospective offerors so that they can formulate accurate and competitive proposals. This will help ensure the competitiveness of the PA procurement to the benefit of the Commission and the industry.

⁵ Syniverse comments at 2-3, 5; Syniverse reply comments at 2-3.

⁶ Syniverse comments at 3.

⁷ See Syniverse reply comments at 4-5.

⁸ NeuStar PA reply comments at 4 (emphasis in original).

⁹ See, e.g., Syniverse comments at 2-3.

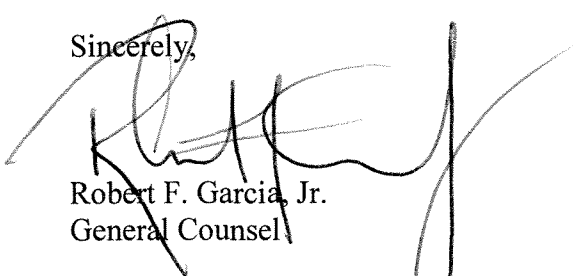
¹⁰ NeuStar PA reply comments at 4-5.

Sharing of Resources and Neutrality

In Syniverse's initial comments on section 2.3.7 of the TRD, we pointed out it "is not clear ... that total separation of all employees [between the PA and its parent company or affiliate entities] is necessary" to achieve the unquestioned requirement of PA neutrality.¹¹ We further observed that "a requirement of total separation of staffing between the PA and its parent and affiliated entities will result in uneconomic staffing and prevent the Commission from obtaining the greatest value for the industry."¹² NeuStar acknowledges as much in its reply comments by stating that it has incurred additional costs "to maintain strict separation between the contractor's employees working on the PA contract and other work of the contractor's business."¹³

Syniverse agrees that the PA's neutrality is vital; we continue to believe that it can be achieved without total separation. Nevertheless, in formulating its proposal in response to the RFP and in serving as PA, if selected, Syniverse will abide by whatever neutrality requirements the Commission includes in the RFP.

Sincerely,



Robert F. Garcia, Jr.
General Counsel

cc (via email): Dennis Dorsey
Cheryl Callahan
Mika Savir
Marilyn Jones

Attachment (OIG Report)

¹¹ Syniverse comments at 8.

¹² *Id.*

¹³ NeuStar PA reply comments at 2.

**Federal Communications Commission
Office of Inspector General**



**FY 2004 Thousands-Block Pooling System
Viability Audit**

Audit Report No. 04-AUD-08-15

March 23, 2005

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EXECUTIVE SUMMARY

Pooling of geographic telephone numbers in a number portability environment is an administration and assignment process that allocates numbering resources to a shared industry inventory.

In the United States (U.S.), thousands-block number pooling involves the allocation of blocks of sequential North American Numbering Plan (NANP) telephone numbers within the same Number Plan Area (NPA)/Central Office (CO) Code.

The Federal Communications Commission (FCC or Commission) develops and issues pooling rules and guidelines. Under delegation of authority from the FCC, several states have used state contractors to implement thousands-block number pooling trials in some NPAs. The Thousands-Block Pooling administrator designated by the FCC acts as the national pooling administrator of the nation-wide program.

On June 15, 2001, the FCC competitively awarded a multi-million dollar Thousands-Block Pooling administration contract to NeuStar, Inc. (NeuStar). The contract tasked NeuStar with performing the duties of the national number pooling administrator for up to a five (5) year term, consisting of an initial base year followed by four (4) one-year options. NeuStar acts as administrator on behalf of the FCC's Wireline Competition Bureau (WCB) and the Commission's Contracts and Purchasing Office oversees performance of the contract.

In FY 2004, the FCC's Office of Inspector General (OIG) contracted with KPMG, LLP to audit NeuStar's Thousands-Block Pooling administration contract to determine and report upon NeuStar's compliance with contractual requirements intended to ensure the seamless transfer of the Thousands-Block Pooling system to a successor in the event of the contract's termination or expiration of term. Audit fieldwork was conducted from August 5, 2004 through November 30, 2004 at the FCC's Portals I location, KPMG, LLP offices in Washington, D.C., and NeuStar's Sterling, VA headquarters. A site visit was also conducted at NeuStar's Charlotte, North Carolina backup facility.

The scope of the audit included the review of the Thousands-Block Pooling system and its software, designated hardware, computers and related equipment, and other peripheral devices. Also included in the scope were system documentation and current and historical records that NeuStar is required to maintain and transfer to a successor.

Overall, we determined that NeuStar is generally compliant with the requirements of the Thousands-Block Pooling contract for the system's transferability. Our audit identified several positive observations as well two (2) audit findings that require resolution. The findings cited by this audit are not the result of non-compliance by NeuStar with the original requirements of the Thousands-Block Pooling contract. Instead they are conditions which are the result of the omission of contractual requirements by the FCC which are deemed necessary to ensure the effectiveness of the system's administration by a third party. Appendix A is the Summary of Findings that summarizes the findings that resulted from our transfer viability audit of the Thousands-Block Pooling contract. Appendix B provides the Detailed Findings and Recommendations. Each finding in Appendix B denotes an assigned risk rating, condition,

cause, criteria, effect, and recommendation for NeuStar and FCC management consideration. Specifically, we identified one (1) High Risk and one (1) Medium Risk audit finding. Over the course of our audit, we also identified several areas where the FCC can improve upon the effectiveness of its management of the Thousands-Block Pooling contract with NeuStar.

This report contains non-public information. In accordance with the Commission's directive on the Management of Non-Public Information (FCC INST 1139), we have classified all appendices as "Non-Public - For Internal Use Only." Recipients of this report are expected to follow the established policies and procedures for managing and safeguarding the non-public information contained in this report as outlined in FCCINST 1139.

AUDIT BACKGROUND

Pooling of geographic telephone numbers in a number portability environment is an administration and assignment process that allocates numbering resources to a shared industry inventory.

In the United States (U.S.), thousands-block number pooling involves the allocation of blocks of sequential North American Numbering Plan (NANP) telephone numbers within the same Number Plan Area (NPA)/Central Office (CO) Code. All numbers within each NPA are assigned to one rate area. The assigned numbers are allocated among multiple service providers serving customers within the same rate area at the thousands-block level. A rate area is denoted as the smallest geographic area used to distinguish rate boundaries.

The Federal Communications Commission (FCC or Commission) develops and issues pooling rules and guidelines. Under delegation of authority from the FCC, several states have used state contractors to implement thousands-block number pooling trials in some NPAs. The Thousands-Block Pooling administrator designated by the FCC acts as the national pooling administrator of the nation-wide program.

On June 15, 2001, the FCC competitively awarded a multi-million dollar Thousands-Block Pooling administration contract to NeuStar, Inc. (NeuStar). The contract tasked NeuStar with performing the duties of the national number pooling administrator for up to a five (5) year term, consisting of an initial base year followed by four (4) one-year options. NeuStar acts as administrator on behalf of the FCC's Wireline Competition Bureau (WCB) and the Commission's Contracts and Purchasing Office oversees performance of the contract.

The Thousands-Block Pooling administrator is responsible administering thousands-block number pools by assigning, managing, forecasting, reporting, and processing the data that allows service providers in rate areas to receive blocks of telephone numbers. The designated administrator performs the day-to-day number resource assignment and administrative activities. Specific contractual duties include:

1. Providing a standardized application of all administrative pooling guidelines;
2. Developing tools and implementing a system containing both hardware and software to facilitate the assignment, tracking and data reporting requirements;
3. Maintaining interfaces with the North American Numbering Plan Administrator (NANPA), Number Portability Administration Center, service providers, and regulatory agencies; and
4. Maintaining and planning for adequate pool inventory numbering resources for the short and long term.

An essential element of the FCC's oversight of the Thousands-Block Pooling administration contract is ensuring that NeuStar's performance complies with contractual requirements. The FCC requires that the system, including all related hardware, software, and rights to software contracts and other intellectual property used in conjunction with the system, be in a state of readiness for

seamless transfer to a successor in the event of the contract's termination or expiration of term. The contract also requires NeuStar maintain inventory data on its equipment and upgrades or replacements, including hardware models, serial numbers and descriptions. This requirement also includes license numbers of any commercial off-the-shelf software.

AUDIT OBJECTIVE

The FCC's Office of Inspector General (OIG) contracted with KPMG, LLP to perform an independent audit to examine the Thousands-Block Pooling system, equipment inventories, and system documentation as described in Sections 3.19 and 3.21 of the *Thousands-Block Pooling Technical Requirements Document*. The primary objective of this audit was to determine and report upon NeuStar's compliance with contractual requirements intended to ensure the seamless transfer of the Thousands-Block Pooling system to a successor. The specific objectives of the audit, as outlined in the task order, were to:

1. Examine the following documentation plans for completeness:
 - a) User documentation required by the Institute of Electrical and Electronics Engineers (*IEEE Standards for Software User Documentation*).
 - b) System documentation guiding normal operations, system and application software upgrades, application modifications, and host ports.
2. Review the contractor's system disaster recovery plan for consistency with the National Fire Protection Agency (NFPA) 1600, *Standard on Disaster/Emergency Management and Business Continuity Programs*.
3. Examine NeuStar's security mechanisms used to prevent unauthorized access to its computers and telecommunications equipment, including internal policies, procedures, training, hardware, and software.
4. Perform inventory audit procedures on the contractor's pooling administration system and equipment inventories and determine whether assets subject to transfer are lien-free and titled to the FCC or the FCC's designee.

AUDIT SCOPE

The scope of the audit entailed a review of NeuStar's performance under its Thousands-Block Pooling contract with the FCC. Included in the scope of this audit were system design, operation, and user manuals as well as the Thousands-Block Pooling disaster recovery plan. Also included were current and historical records of the Thousands-Block Pooling system inventory of hardware, software, and peripheral devices that NeuStar is required to maintain and transfer to a potential successor.

Each finding identified by our audit was evaluated to determine its degree of risk relative to the viability of a transfer of the NANPA system to a successor. Each finding was then, depending on its associated degree of risk, classified as High, Medium, or Low-level risks. Risk categories are defined below:

High Risk: A risk that can result in significant disruption to the system's administration by a successor and the system's availability or functionality. The associated condition presents a level of risk that requires immediate and appropriate redress by the contractor and/or FCC management to (1) ensure the seamless transfer of the system to a successor and (2) protect the system against unnecessary downtime and/or exposure to the loss of critical data.

Medium Risk: A risk that can result in disruption to the system's administration by a successor. This risk of a disruption to the system's availability or functionality is unlikely. It is important for the contractor and/or FCC management to take appropriate corrective action on 'Medium' risk conditions to ensure the seamless transfer of the system to a successor.

Low Risk: A risk, which at most, can result in an annoyance during the system's administration by a successor. This risk does not have the potential to impact the system's availability or functionality.

Audit fieldwork was conducted from August 5, 2004 through November 30, 2004 at the FCC's Portals I location, KPMG, LLP offices in Washington, D.C., and NeuStar's Sterling, VA headquarters. A site visit was also conducted at NeuStar's Charlotte, North Carolina backup facility.

AUDIT METHODOLOGY

To determine NeuStar's compliance with the Thousands-Block Pooling contract, the audit team obtained and examined contractually required system documentation for completeness.

System documentation was assessed against the following criteria, which are set forth in the FCC's Thousands-Block Pooling contract with NeuStar:

- *IEEE Standard for Software User Documentation*, December 1993
- *NFPA 1600, Standard on Disaster/Emergency Management and Business Continuity Programs*
- *Thousands-Block Pooling Technical Requirements Document*
- *FCCINST 1479.1, FCC Computer Security Program Directive*

AUDIT RESULTS

Overall, we determined that NeuStar is generally compliant with the requirements of the Thousands-Block Pooling contract for the system's transferability. During the audit, we noted the following positive observations regarding NeuStar's administration of the system:

- NeuStar has established a mirrored site for automatic system failover in an area that is geographically removed from its primary site.
- A full test of disaster recovery capabilities of the Thousands-Block Pooling System has been conducted and documented.
- Security controls relative to system access selected for review during our audit appeared adequate and compliant with contractual requirements.

Our audit also identified two (2) findings that require resolution. The findings cited by this audit are not the result of non-compliance by NeuStar with the original requirements of the Thousands-Block Pooling contract. Instead they are conditions which are the result of the omission of contractual requirements by the FCC which are deemed necessary to ensure the effectiveness of the system's administration by a third party. The audit findings relate to the accessibility of the system via the public Internet and the completeness of several system documents. Appendix A is the Summary of Findings that summarizes the findings that resulted from our transfer viability audit of the Thousands-Block Pooling system contract. Appendix B provides the Detailed Findings and Recommendations. Each finding in Appendix B denotes a condition, cause, criteria, effect, and recommendation for NeuStar and/or FCC management consideration. The findings were also evaluated to determine the degree of risk relative to the viability of transfer of the Thousands-Block Pooling system to a successor. The findings were then, depending on the associated degree of risk, classified as High, Medium, or Low-level risks. Specifically, we identified one (1) High Risk and one (1) Medium Risk audit finding.

ADDITIONAL RECOMMENDATIONS FOR FCC MANAGEMENT CONSIDERATION

In addition to the audit results noted above, our audit yielded recommendations for FCC management consideration that should result in more effective management of the Thousands-Block Pooling administration contract with NeuStar. The recommendations are outlined below:

1. We recommend that the FCC's Contracts and Purchasing Center ensure that applicable FCC policies and directives pertinent to the administration and management of FCC systems are incorporated into the contract and provided to NeuStar. During audit fieldwork we noted that Thousands-Block Pooling contract required that NeuStar comply with an outdated version (FCCINST 1479.1) of the *FCC Computer Security Program Directive*. At the time of our audit, the contract had not been amended to require compliance with the most current version, FCCINST 1479.2. Thus, NeuStar was

unaware of the updated directive and some requirements had not been implemented for the Thousands-Block Pooling system.

By reference, FCCINST 1479.2 requires contractor compliance with federal standards that are not required by previous versions of the directive. The directive requires implementation of security requirements for all FCC systems consistent with NIST guidelines, which are applicable to systems that store federal information. Directly applicable to the Thousands-Block Pooling system is the FCCINST 1479.2 requirement for a system-warning banner, which is not required by older versions of the directive. Therefore, a warning banner is not present on the system.

2. We recommend that the Thousands-Block Pooling system and its management by NeuStar as a third party be properly identified to the FCC's Computer Security Program (CSP) office. During the audit, we determined that WCB had not assessed the Thousands-Block Pooling system for criticality and sensitivity nor reported its existence to the CSP, as required by FCCINST 1479.2. Through discussions with the CSP, we further confirmed that the office was unaware of the FCC systems being administered by NeuStar.

Inclusion of the CSP in the oversight of third-party contracts will help ensure that the appropriate agency-specific and federal security requirements for FCC systems administered by third parties are appropriately included in contractual requirements. The CSP also monitors all FCC systems to validate that security controls are properly implemented.

3. During the audit we identified that NeuStar had tagged all FCC assets maintained at its facilities to distinguish them from other company assets. However, the assets did not have an FCC asset tag, which is indicative of an inventory review by the Commission. We recommend that the Commission perform periodic inventory reviews of assets reported by NeuStar as lien-free and subject to transfer to a potential successor. System assets provided by NeuStar's inventory listing should be validated and assets properly tagged as FCC government-owned property. The FCC should maintain up to date, comprehensive records of each Thousand-Block Pooling System component owned by the FCC in a centralized manner. FCC records should include acceptable documentation of proof of ownership and a value of each asset, as determined by FCC management and communicated to NeuStar.

According to inventory information provided by NeuStar during the contract, the systems assets are valued at approximately \$281 thousand. NeuStar also operates the NANPA system on behalf of the FCC. The contractor reported the cumulative value of FCC-owned property housed at its facilities, inclusive of assets for the Thousands-Block Pooling and NANPA systems, as \$1.05 million. The Commission should also ensure that Thousands-Block Pooling system assets, and overall assets of systems managed by NeuStar, are properly accounted for in the financial records.

Prior to conducting the audit's Exit Conference on January 6, 2005 and issuing the draft audit report, we took steps to reach agreement with NeuStar and FCC management upon the facts of the findings and observations identified in this report. Preliminary draft findings were presented to NeuStar as well as the FCC's WCB and the Contracts and Purchasing Center.

On March 11, 2005, NeuStar provided formal management comments on the audit's draft report. These comments were considered and incorporated into the final audit report as appropriate. NeuStar's formal management comments, in their entirety, are provided with this report as Appendix E. Additionally, management comments on specific audit findings have been included in Appendix B followed by our response to each comment.

This report contains non-public information. In accordance with the Commission's directive on the Management of Non-Public Information (FCC INST 1139), we have classified all appendices as "Non-Public, For Internal Use Only." Recipients of this report are expected to follow the established policies and procedures for managing and safeguarding the non-public information contained in this report as outlined in FCCINST 1139.